

GENERAL SUMMARY

SEASONAL movements characterized trade, industrial, and financial conditions in the district during January and early February. The volume of reserve bank funds in use declined, as did the volume of payment by check; money rates, however, with the exception of brokers' demand loans in Chicago, exhibited little change. A marked expansion occurred in steel and automobile production, in shipments and production at malleable foundries, in output and sales of agricultural machinery, and a few lines of minor importance in the district. Industrial employment showed greater steadiness.

All phases of merchandising, wholesale and retail, with few exceptions, showed a lowered volume of activity from December, and save for chain stores, slower business than a year ago.

The building industry in this district is at a low ebb, contracts awarded and permits issued in January falling

below the preceding month and January 1929, thus continuing a trend operative for several months. Wholesale and retail distribution of lumber, on the other hand, showed greater activity than in December.

Turning to agriculture and related lines, current data indicate seasonally increased butter production in January but a lower volume than a year ago; available evidence indicates inventories of butter at cold-storage warehouses and packing plants considerably higher than a year ago, and far above the five-year average, a reflection of the heavy production during the second quarter of 1929. Production and sales at slaughtering establishments increased over December, an outgrowth of greater consumer demand for meat products following the holiday season, when poultry is in greater favor. Of outstanding interest is the lessened volume of wheat moving to interior primary markets, and a similar contraction in volume of movement out of these markets.

CREDIT CONDITIONS AND MONEY RATES

Federal Reserve bank credit outstanding in the district decreased approximately thirty million dollars between January 15 and February 11, mainly the result of lessened borrowing by member banks. A net outward movement of nearly twenty millions of funds took place in inter-district commercial and financial settlements, and slightly over nine millions flowed into the district through Treasury operations. In the net aggregate, consequently, the supply of reserve bank funds decreased nearly forty million dollars between these dates. Lessened currency demand and a lower level of deposits at the reserve bank (member and non-member clearing) were the principal factors involved in this decrease.

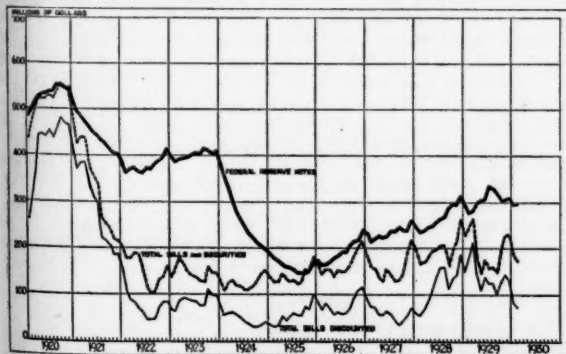
Federal Reserve Bank of Chicago, Selected Items of Condition

	(000 omitted)	JANUARY 15	FEBRUARY 13
	FEBRUARY 11	1930	1929
Total Bills and Securities.....	\$166,411	\$191,155	\$231,254
Bills Discounted	65,939	86,865	162,412
Bills Bought in Open Market	28,091	32,235	39,440
U. S. Government Securities.....	70,881	70,556	29,402
Total Reserves	502,613	471,615	440,100
Total Deposits	332,069	340,259	349,112
Federal Reserve Notes in Circulation	297,474	289,607	275,958
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined	79.8%	74.8%	70.4%

The rediscount rate of the Federal Reserve Bank was reduced to 4 per cent on February 8, from the 4½ per cent established November 23, 1929.

In Chicago, the demand for commercial loans has receded steadily in recent weeks; as compared with February 13 last year, a reduction of more than 100 million dollars in the volume of commercial loans was shown on February 11 for all reporting member banks. Security loans are still above the level of a year ago; available evidence points to a slight liquidation of security loans to individuals during the past month. Current rate quotations in Chicago are 5½ to 6¼ per cent on collateral, 5½ to 6 per cent for customers' commercial loans, and 5½ per cent on brokers' demand loans, the latter a drop of one-half of one per cent made effective the second week of February. The average rate earned on loans and discounts by six large banks during the calendar month of January was 5.95 per cent, as against 6.10 per cent in December and 5.98 per cent a year ago. The corresponding figure for five large banks in Detroit was 6.11 in January, 6.14 in December 1929, and 5.88 in January 1929. The prevailing rate on customers' commercial loans in the latter city during the week ending February 15 was 6-6½ per cent. The volume of this class of loan in Detroit has changed little

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Monthly averages of weekly figures. Latest figures, averages for the first two weekly report dates in February, 1930, in thousands of dollars: Federal Reserve Notes, 296,004; Total Bills and Securities, 171,227; and Total Bills Discounted, 70,369.

Compiled February 25, 1930

since the first of the year; security loans have shown a moderate decrease.

Condition of Reporting Member Banks, Seventh District

	FEBRUARY 11 1930 (000,000 omitted)	JANUARY 15 1930	FEBRUARY 13 1929
Total Loans and Discounts.....	\$2,486	\$2,541	\$2,588
Commercial Loans	1,266	1,293	1,377
Loans on Securities.....	1,220	1,248	1,211
Investments	646	660	759
Net Demand Deposits.....	1,766	1,823	1,909
Time Deposits	1,177	1,174	1,268
Borrowings from Federal Reserve Bank	36	53	133

Commercial Paper—Commercial paper sales of nine dealers in the Middle West showed a seasonal gain of 40.3 per cent in January over the preceding month, and because of more attractive rates were 18.5 per cent heavier than the relatively small volume of a year ago. Demand was strong during the month, with the supply of paper fair to good. Selling rates eased in January and ranged from $4\frac{1}{2}$ and $4\frac{3}{4}$ per cent for low to $5\frac{1}{4}$ per cent for high, the customary charge being 4% to 5 per cent; however, a small amount of paper moved at $5\frac{1}{2}$ per cent for high. Outstandings of five dealers in the Middle West expanded 10.5 per cent on January 31 over the end of December and were 11.5 per cent in excess of last year; those of twenty-five dealers in the United States increased from \$334,000,000 on December 31 to \$405,000,000 at the end of January. During the first half of February, the sales of four Chicago dealers totaled considerably larger than for the corresponding period of the preceding month. An improved demand was experienced from banks throughout the Middle West as a result of the low rates for call money in New York. The supply of paper was fair to good and contained a larger proportion of prime names than in recent months, because of the low rate. Quotations on February 15 opened at $4\frac{1}{2}$ per cent for low to $4\frac{3}{4}$ and 5 per cent for high, with a preponderance of the paper moving at $4\frac{1}{2}$ and $4\frac{3}{4}$ per cent.

Open Bill Market—Transactions in the Chicago open bill market averaged less on a weekly basis from January 16 to February 11 than in the preceding period but were heavier than a year ago; purchases by out-of-town banks, however, showed a marked gain over those of December 12 to January 15. Inter-office receipts and shipments increased somewhat over the preceding month and were much greater than for the corresponding weeks of 1929. The supply of bills was fair to good. Demand averaged from moderate to good during the first three weeks and from limited to fair at the close. Ninety- and 60-day bills were given the preference. Acceptances involved transactions in grain, coal, packing-house products, butter, eggs and poultry, sugar, paper, gasoline, agricultural implements, machinery, raw silk, merchandise, iron, and a large list of miscellaneous commodities. Rates eased and were quoted on February 11 at 3% per cent for 30- to 120-day bills and at $3\frac{1}{2}$ per cent for those of five and six months' maturity.

Bankers' Acceptances—The total value of bills accepted in January by fourteen reporting banks in the Seventh district was 28.6 per cent less than the December peak but exceeded that of any other month since our records began (January 1923). The aggregate was 104.8 per cent in excess of a year ago, reflecting the present advantageous rates offered to borrowers. Sales also remained at a very high level, owing to the attractive liquidity of this type of investment in view of a lessened demand for call money in the East. A recession, however, of 39.7 per cent was recorded in sales from a month previous, although the volume was considerably larger than last January. The liability for outstandings rose to a new peak on January 31, being 1.0 per cent above that of December 31 and 107.0 per cent more than for the corresponding date of 1929. Holdings continued the downward trend evidenced

in the preceding month, totaling 8.6 per cent less than in December but 117.9 per cent heavier than last January. The Federal Reserve Bank of Chicago reduced its purchases to \$30,888,474 for the month under review, in contrast to \$41,107,865 in December, with a corresponding decline in its portfolio to \$23,008,307 on January 31. During the first half of February, three local banks accepted bills in 31.2 per cent greater volume than during the corresponding period of the preceding month. Acceptances represented transactions in grain, general merchandise, sugar, packing-house products, tobacco, coal, agricultural implements, cotton, coffee, iron and steel, machinery, hides, silk, tea, cocoa, cement, lumber, and a number of miscellaneous commodities of lesser importance.

Volume of Payment by Check—The accompanying tabulation shows the dollar amounts of the volume of check payment in thirty-eight clearing house centers of the Seventh district in January 1930, December 1929, and January 1929, with percentage changes between the current and the preceding month.

	JAN. 1930	DEC. 1929	PER CENT CHANGE	JAN. 1929
Chicago	\$4,246,225	\$4,559,011	-6.9	\$4,762,311
Detroit, Milwaukee, and Indianapolis	1,585,447	1,613,608	-1.7	1,855,135
Total four larger cities.....	\$5,831,672	\$6,172,619	-5.5	\$6,617,446
34 smaller centers.....	1,041,827	1,028,724	+1.3	1,079,926
Total 38 centers	\$6,873,499	\$7,201,343	-4.6	\$7,697,372

Savings Deposits—According to a compilation for 195 banks in the Seventh Federal Reserve district, the volume of regular savings deposits on February 1 declined 3.2 per cent from December 31, 1929, and 5.9 per cent from the corresponding date a year ago. In both comparisons all states registered a drop. Declines of 3.1 per cent and 6.0 per cent were likewise shown in the average account, where again all states were involved in the decrease. The number of regular savings accounts fell off 0.1 per cent from the preceding month, although Illinois, Indiana, and Iowa showed a slight increase. In the comparison with last year, the number of accounts gained 0.1 per cent, with Illinois and Michigan the only two states not following the trend of the group. Individually, 143 banks reported a drop in the amount of regular savings deposits from a month previous and 128 recorded declines from February 1, 1929.

The aggregate volume of regular savings deposits in reporting Chicago banks declined 0.3 per cent from December 31; figures for seventeen outlying banks revealed a drop in this item of about six million dollars between December 31 and February 1, with a compensating gain of approximately four million dollars on the part of several loop banks.

Security Markets—During January bond prices showed mixed tendencies, strengthening materially during the first portion of the month but later declining to approximately the levels witnessed at the end of December. These general fluctuations were mainly in the higher grade domestic issues, which type experienced increased demand. Foreign bonds displayed little activity in price levels during the month. Demand appeared to emanate from practically all sources, with some emphasis on the institutional type of buyer. New offerings for the month were greater than in December and approximately twice the volume of the first month in 1929. No foreign issues other than Canadian were included in the list of new offerings. The trend of stock values as measured by the average price of twenty leading stocks* on the Chicago Exchange has been upward since the third week in January, and trading has been on a slightly greater scale. The average price of twenty leading stocks on February 15 was 143.90, compared with 131.50 January 15 and with a drop to 128.64 on January 20, after which date the upward movement set in.

*Chicago Journal of Commerce.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

The following table shows that fewer hogs are on farms than a year ago, owing to a reduction in the crop of pigs in 1929 from 1928. Dairy herds have increased, as was the case in the preceding year; there appears to be a correlation between this gain and the accumulation of butter in cold-storage warehouses. Larger holdings of lambs and cattle are reported than last year, despite a small crop of corn

in 1929. In many counties of the Seventh Federal Reserve district, however, the county agents reported December 1 holdings below those of 1928 because of a hesitancy of feeders to take on cattle and lambs this season in view of unprofitable operations in recent years; firm money last autumn, when purchases usually are made, also was a factor.

LIVE STOCK ON FARMS—JANUARY 1

Estimated by the U. S. Bureau of Agricultural Economics
(In thousands)

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES	
	NUMBER	VALUE	NUMBER	VALUE
1930				
Swine, including Pigs.....	19,197	\$286,291	52,600	\$ 717,306
Milk Cows and Heifers.....	5,956	545,963	22,499	1,876,357
Other Cattle and Calves.....	5,905	276,005	35,468	1,443,747
Lambs and Sheep.....	4,431	44,265	48,913	435,515
Horses and Colts.....	3,262	285,267	13,440	950,318
Mules and Mule Colts.....	333	29,242	5,322	441,726
1929				
Swine, including Pigs.....	20,221	\$286,071	56,880	\$ 739,255
Milk Cows and Heifers.....	5,778	531,730	21,919	1,855,080
Other Cattle and Calves.....	5,756	273,148	34,548	1,485,102
Lambs and Sheep.....	4,289	46,793	47,509	504,022
Horses and Colts.....	3,346	289,431	13,905	976,300
Mules and Mule Colts.....	347	30,196	5,390	443,839

*Two years old and over.

Grain Marketing—Wheat receipts at interior primary markets in the United States receded to a low level in January, totaling less than in December, a year ago, or the 1925-29 average for the month. The volume of receipts for the 1929-30 season to date is considerably under that for the corresponding period of 1928-29, despite unusually heavy marketing during the summer. Reshipments from those centers followed a trend similar to receipts in all four comparisons. Foreign demand thus far has been less than expected notwithstanding a smaller world crop than last year; many of the importing countries produced good crops in 1929 and have not yet used up all of their domestic surplus. The 1929-30 Argentine crop is short. Trading in wheat futures on the Chicago Board of Trade declined 16.3 per cent from the preceding month but exceeded that of last January by 26.7 per cent. Prices declined from December. Visible supplies of wheat in the United States were reduced on February 8 from the corresponding Saturday of January but remained much heavier than last year, a result of the large carry-over from the 1928 crop season.

January receipts of oats at interior primary markets in the United States were decidedly less than in 1929 or the five-year average for the month, owing to early marketing last summer; those of corn also decreased because of a small crop. Reshipments gained slightly over December but fell below a year ago; the movement declined for oats and increased for corn in the comparison with the five-year average. Future trading in each of these grains on the Chicago Board of Trade aggregated somewhat less than a month previous and was considerably below last January. Prices averaged lower than in December. Commercial stocks of corn in the United States increased on February 8 over the corresponding Saturday of the preceding month but were considerably less than last year; those of oats showed an opposite trend.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in January, 1930, from previous months

	PER CENT CHANGE FROM DECEMBER 1929	JANUARY 1929	COMPANIES INCLUDED
Production (bbls.).....	+18.8	+ 0.1	24
Stocks of flour at end of month (bbls.).....	-11.1	-19.6	22
Stocks of wheat at end of month (bu.).....	-15.5	+10.1	22
Sales (volume).....	+89.3	+22.5	13
Sales (value).....	+47.1	- 3.7	13

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—Receipts of live stock at public stock yards in the United States showed a seasonal expansion in January over December but continued below a year ago.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, January, 1930.....	209,774	1,113,859	320,129	108,532
Federally Inspected Slaughter, U. S.				
January, 1930.....	712,793	5,001,371	1,225,071	373,772
December, 1929.....	658,026	5,082,935	1,090,989	346,311
January, 1929.....	735,685	5,737,737	1,150,011	369,010

Reshipments to feed lots declined as usual in January from the preceding month. The movement of cattle increased and that of lambs decreased in the comparison with last year, the feeding of lambs having been discouraged to some extent because of the depressed condition of the fat lamb market.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED FEBRUARY 15 1930	JANUARY 1930	MONTHS OF DECEMBER 1929	JANUARY 1929
Native Beef Steers (average).....	\$12.35	\$12.75	\$12.60	\$12.55
Fat Cows and Heifers.....	9.25	9.25	8.40	9.50
Calves.....	12.00	13.95	12.75	15.50
Hogs (bulk of sales).....	10.75	9.75	9.40	9.15
Yearling Sheep.....	7.75	10.85	9.85	13.25
Lambs.....	10.65	13.00	12.80	16.25

Meat Packing—January production at slaughtering establishments in the United States totaled slightly in excess of December but, owing to the reduction in available supplies of live stock, fell considerably under a year ago. Employment at the close of the month remained practically unchanged in number of workers, but gained 17.9 per cent in hours worked and 13.7 per cent in aggregate earnings over the corresponding period of December, the latter month having been affected by the holidays. Consumption expanded as usual in January, marking a return to meats from the holiday diet of poultry; demand was good for lard, smoked meats, dry salt pork, and beef hind quarters. Trade was moderately active for veal and lamb, fair for fresh pork, and somewhat slow for most beef. The total value of sales billed to domestic and foreign customers by fifty-six meat packing companies in the United States increased 3.0 per cent in January over the preceding month, although a decline of 2.3 per cent was recorded in the comparison with last year; most of this decrease was attributable to a reduction in supplies and to lower prices for lard. Chicago quotations for most packing-house products averaged higher during January than a month previous; lard prices declined, while those of beef ranged between scarcely steady and slightly firmer. Domestic trade was fair to good at the beginning of February. Inventories at packing plants and cold-storage warehouses in the United States were somewhat larger on February 1 than a month previous or the 1925-29 average for that date, though showing a marked decline from last year. Stocks of beef, lamb, and miscellaneous meats, however, decreased from January 1 and increased over a year ago; those of lard and dry salt pork fell below the five-year average for February 1.

Shipments for export were indicated as slightly below those of December, although a majority of the individual companies reported an increase. Demand from the United Kingdom was active for pork cuts and fair for lard; some purchases for future delivery also were made. Trade on the Continent remained rather quiet, and foreign demand in general tended to slacken at the close of the month. European quotations were fairly well in line with those of the United States; some meats in the United Kingdom were above Chicago parity. Inventories already abroad on February 1, including stocks in transit, averaged slightly smaller than on January 1.

Dairy Products—Butter production in the Seventh Federal Reserve district expanded as usual in January over the preceding month by 1.5 per cent, although a recession of 6.8 per cent was shown in the comparison with a year ago. Sales billed to customers by sixty-one companies in the district aggregated 10.4 per cent greater in volume than in December and 1.1 per cent more than last January. Receipts at Chicago followed a trend similar to production. Prices have declined continuously since the middle of September; on January 8, they stood at the lowest level since August 1921, and for the month as a whole were substantially less than a year ago. Quotations firmed somewhat during the last three weeks of January and remained steady during the first half of February. Statistics of the American Association of Creamery Butter Manufacturers indicate that January production in the United States remained on a level with December, though falling below the corresponding period of 1929. February 1 inventories of the commodity at cold-storage warehouses and packing plants in the United States remained considerably in excess of a year ago and were nearly double the five-year average for the month, the result of heavy production during the second quarter of 1929; however, a substantial reduction in stocks was made from January 1.

Wisconsin factories increased the production of American cheese 15.0 per cent during the four weeks ended February 1 over the preceding period, the volume being 12.6

per cent greater than for the corresponding weeks of 1929; redistribution of the commodity from primary markets of the state expanded 37.2 and 13.4 per cent in the respective comparisons. January receipts at Chicago exceeded those of a month previous but were under a year ago. Prices

declined from December. Stocks of cheese at packing plants and cold-storage warehouses aggregated less on February 1 than a month previous or last year, although they were slightly larger than the 1925-29 February 1 average.

COAL

Domestic demand for coal during January was seasonally high. Three weeks of good fuel weather greatly exhausted already depleted supplies, so that retailers returned to the market for their second big fill-up of the season. Orders were numerous though small. Industrial demand has continued exceptionally low.

Illinois production of bituminous coal in January of 6,590,275 tons showed only a slight gain over the December figure and was 5.6 per cent less than total output a year ago. The number of mines in operation increased over the preceding month but averaged smaller than last January's number; fewer men were employed, and the number of working days was less in both comparisons.

United States output of bituminous coal in January of 49,750,000 tons showed an increase of 7.7 per cent over the

preceding month and a decrease of 3.3 per cent from January 1929, which was a high month following a rather low December. Anthracite production in January of 6,909,000 tons showed a decrease of 9.8 per cent from the preceding month and of 5.8 per cent from January 1929. This comparatively low figure for January may be accounted for partially by the fact that December's figure was the highest for that month since 1922. Total stocks of bituminous coal in the hands of commercial consumers on January 1, were estimated as 40,300,000 tons, which compared with 39,800,000 on hand the last reporting date, November 1, 1929, and 41,800,000 tons a year ago, and were lower than on the corresponding date of any year since 1923.

INDUSTRIAL EMPLOYMENT CONDITIONS

A tendency toward steadiness in industrial employment was indicated by a smaller decline in number of wage earners and payrolls during January than for several months past. This was largely influenced by the activity of both producers and users of iron and steel. Although a decline was recorded for steel and iron workers, it was slight, and manufacturers of vehicles, particularly of automobiles, showed a notable increase—the first since October. Other groups showing a decline less sharp than in December were lumber, which increased in Wisconsin, though the district as a whole felt a recession, the stone, cement and glass products group, and leather. The closer relationship found in some groups between the amount of payroll and the number employed indicated a return of these lines to a fuller time schedule than was maintained at the end of the year. Particularly is this clear regarding the two groups with a smaller decline in payrolls than in number of men, food products and chemicals. Leather, lumber, and the stone, clay and glass products group show a much greater decline in wages than in number of men, although for all manufacturing the recessions were 0.8 per cent in

number employed and 2.5 per cent in payrolls.

Non-manufacturing employment was not improved during January, being marked by a decline throughout the district in wholesale and retail trade, and a similar trend in construction activities, which was sharpest in Illinois. Part-time operation of coal mines further reduced their volume of payroll, although only a small loss in number of men was recorded.

In each state reporting on activity of free employment offices an increase occurred in the ratio of number of applicants to number of jobs available, as compared with the December ratio, but with a wide variation between various cities. In Illinois 257 applications were received for each 100 jobs available, while at certain points, such as Cicero, Decatur, and Chicago, the figure was above 300. For five cities in Indiana the ratio was 164, although Indianapolis had a much better demand for labor, especially of the unskilled type. In Iowa the ratio averaged 315 in January. During December the corresponding figures were: Illinois, 177; Indiana, 119; and Iowa, 278.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF REPORTING FIRMS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
		WEEK ENDED			WEEK ENDED		
		JANUARY 15 1930	DECEMBER 15 1929	PER CENT CHANGE	JANUARY 15 1930	DECEMBER 15 1929	PER CENT CHANGE
Metals and metal products (other than vehicles).....	529	180,127	181,864	— 1.0	\$ 5,362,518	\$ 5,555,348	— 3.5
Vehicles	68	39,852	37,812	+ 5.4	1,096,536	1,043,978	+ 5.0
Textiles and textile products.....	139	30,138	30,520	— 1.3	680,925	722,358	— 5.7
Food and related products.....	298	50,178	51,646	— 2.8	1,344,671	1,355,107	— 0.8
Stone, clay, and glass products.....	117	11,698	11,979	— 2.3	306,380	321,755	— 4.8
Lumber and its products.....	234	29,154	29,509	— 1.2	591,482	627,901	— 5.8
Chemical products.....	62	8,813	9,196	— 4.2	254,196	257,055	— 1.1
Leather products.....	70	17,228	17,784	— 3.1	340,859	374,545	— 9.0
Rubber products.....	6	3,637	3,622	+ 0.4	75,152	75,152	0.0
Paper and printing.....	248	33,611	33,709	— 0.3	1,023,950	1,026,764	— 0.3
Manufacturing (total of 10 groups).....	1,771	404,436	407,641	— 0.8	11,076,669	11,359,963	— 2.5
Wholesale and retail trade**.....	131	30,225	35,576	—15.0	783,851	903,093	—13.2
Public utilities.....	80	102,948	103,214	— 0.3	3,543,931	3,485,957	+ 1.7
Coal mining.....	47	12,736	13,054	— 2.4	344,988	393,249	—12.3
Building and construction.....	210	10,945	13,610	—19.6	338,240	471,635	—28.3
All employment (total of 14 groups).....	2,239	561,290	573,095	— 2.1	16,087,679	16,613,897	— 3.2

*Wisconsin only. **Illinois and Wisconsin.

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—A greater expansion than usual for the month, following an exceptionally low December, took place in January schedules of automobile manufacturers, although output was considerably below last January, continuing the decline in evidence since October in the year-to-year comparison. The Department of Commerce reports 234,527 passenger automobiles produced in the United States in January this year, which compares with 91,234 in December and 347,382 for January a year ago; truck output totaled 37,990, against 27,286 a month previous and 51,591 in the corresponding month of 1929.

Following the trend of production, wholesale distribu-

tion of automobiles in the Middle West increased considerably during January over the preceding month; the gain in the value of these sales, however, was much less than that in number, indicating that low and medium priced cars displayed greater activity than those of higher price. Retail distribution and used car sales declined from December, although the recession in the number of new cars sold at retail was very slight. The volume of trade in both new and used cars remains smaller than a year ago, while stocks are notably heavier. The ratio of deferred payment sales to total retail sales of twenty-nine dealers increased from 51.6 per cent in December to 56.6 per cent for Janu-

ary, the latter comparing with 51.3 per cent for the same period of 1929.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in January, 1930, from previous months

	PER CENT CHANGE FROM DECEMBER 1929	JANUARY 1929	COMPANIES INCLUDED DECEMBER 1929	JANUARY 1929
New cars—				
Wholesale—				
Number sold.....	+62.2	-51.3	26	25
Value.....	+23.5	-53.6	26	25
Retail—				
Number sold.....	0.9	-23.4	56	51
Value.....	-18.8	-24.5	56	51
On hand January 31—				
Number.....	+15.6	+28.1	57	52
Value.....	+13.0	+26.8	57	52
Used cars—				
Number sold.....	-12.9	-11.8	57	52
Salable on hand—				
Number.....	+9.3	+41.1	57	52
Value.....	+5.4	+16.3	57	52

Agricultural Machinery and Equipment—January marked a further seasonal expansion in agricultural machinery and equipment sales from the 1929 low which obtained in November. The aggregate value of the light machinery billed to domestic and foreign customers increased 39.9 per cent in the comparison with December, that of the heavy group gained 10.2 per cent, while a decrease of 37.1 per cent was recorded in barn equipment. Sales exceeded those of last January by 57.2 per cent in the tractor, thresher, combination harvester-thresher group, by 30.7 per cent in the barn equipment line, and by 9.1 per cent in "all other" (exclusive of barn supplies). Production totaled 5.9 per cent in excess of a year ago and 3.8 per cent above the preceding month. Individually, however, a majority of the companies experienced a decline in production from last January.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in January, 1930, from previous months

	PER CENT CHANGE FROM DECEMBER 1929	JANUARY 1929	COMPANIES INCLUDED
Domestic sales billed.....	+36.0	+18.0	61
Sales billed for export.....	+0.2	+62.8	34
Total sales billed.....	+21.1	+30.3	61
Production.....	+3.8	+5.9	60

Production computed from average employment during the month. Sales based on value.

Iron and Steel Products—Conditions in the steel industry of the Chicago district have displayed marked improvement since the first of the year. Steel ingot operations advanced from about 60 per cent of capacity the end of December to 90 per cent in the first weeks of February; a substantial increase was shown in January sales over December; and specifications have more than equaled the productive rate on certain lines so that deliveries have been deferred. Railroads continued an important source of demand in January, and activity in the automotive industry augmented sales considerably. Pig iron shipments have been larger in recent weeks, although production in the Illinois and Indiana district was smaller than in January of either 1929 or 1928, and declined somewhat from the December rate. United States output of pig iron showed a similar trend but the decline from the preceding month was very slight. Steel ingot production for the country, though less than in January of any year since 1924, gained in the daily average over December. Despite increased output, unfilled orders expanded over the end of the year, those of the United States Steel Corporation on January 31 aggregating 4,468,710 tons, or 51,000 tons more than a month previous and larger than for the corresponding date of the three preceding years.

Finished steel prices have continued to ease. The Iron Age composite price of finished steel declined steadily

through January, but has shown no change since the close of that month. Bars, plates, shapes, and sheets at Chicago weakened at the end of January. Scrap iron and steel prices in this market, on the other hand, have recently shown a strengthening tendency.

Considerable expansion over December was recorded in the January volume of orders booked by reporting steel casting foundries in this district, while shipments and production declined. As compared with January 1929, orders booked were much smaller, but the value of shipments and volume of production gained slightly. Malleable foundries indicated a rising trend in January over the preceding month in orders, shipments, and production, but activity remained at a considerably lower level than a year ago. Shipments of stove and furnace manufacturers were seasonally lower in January than for the preceding month, and the volume also totaled less than for the same period last year; orders booked aggregated much larger than in December but smaller than a year ago; production gained in both comparisons.

Shoe Manufacturing, Tanning, and Hides—Shoe production in the Seventh Federal Reserve district increased 4.9 per cent in January over the preceding month, conforming to the usual seasonal trend, according to preliminary estimates furnished by the United States Department of Commerce. Leather tanning in the district showed little change in the aggregate from December but totaled less than for the corresponding period of 1929. Sales declined in both comparisons. Prices were fairly steady.

Chicago trading in packer green hides, calf, and kip skins was less active during January than in the preceding month, although larger shipments were reported from the city than in December. Quotations averaged higher than a month previous and then showed a downward trend early in February.

Furniture—Reports from twenty-six furniture manufacturers in the Seventh Federal Reserve district indicate that orders for furniture have revived seasonally but are considerably below the January average of the last three years. The aggregate of orders booked during January increased 81.8 per cent over December's figure with unfilled orders more than doubling, but as compared with January 1929, recessions of 17.9 and 26.8 per cent, respectively, are noted in the two items. Declines of 23.8 and 21.1 per cent from the preceding month and a year ago, respectively, were registered in shipments which are seasonally low. The average rate of operations for twenty-one firms was 70.4 per cent in January, an increase over December's rate of 69.4 per cent; operations a year ago averaged 74.8 per cent.

Raw Wool and Finished Woolens—During January the raw wool market displayed increased activity, although sales tended to slow down somewhat towards the end of the month, owing to unfavorable conditions in foreign markets. Prices, while remaining quite steady at December levels during the first two weeks of the month, again showed a tendency to decline, as a result of the current slackening in sales, and by the end of the month had reached new low levels in the present weak market. Wool prices declined approximately 20 per cent at the opening of the London wool sales on January 21 as compared with the close of the previous sales December 4. The reopened sales at Sydney, New South Wales, on January 29 were at prices about 10 per cent below the first sales in January. A report from the Bureau of the Census shows that stocks of wool in dealers' hands December 31, though somewhat heavier than a year ago, experienced the usual large drop from September 30. Stocks held by manufacturers were less than on the preceding reporting date or a year ago.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Sales of lumber dealers in the Middle West recovered considerably during the month of January from the low position at the end of 1929. Activity of sellers in this section was reflected in the improved ratio of orders and shipments to production in the northern producing regions, which exceeded the recent slight betterment noted in other regions of the country. While little lumber is produced in the territory comprising the Seventh district, a large portion of the product of the northern woods is consumed in

the states covered by this survey. Northern pine orders and shipments have maintained a level considerably above production since November, and in January totaled more than 200 per cent thereof, although hemlock and hardwoods, produced in much smaller volume, recorded orders for about 50 per cent of production. Southern pine demand in the Chicago market was also improved in January.

The indicated expansion has been somewhat modified by uncertainty regarding residential and commercial building

demands and has made sellers of lumber in this region cautious in their commitments, limiting January purchases to evident requirements. Net receipts of lumber in Chicago, the greater volume of which is for construction work, declined 26.3 per cent in volume from December, and were 37.9 per cent lower than for January 1929.

The accompanying table shows the changes from December and from January 1929 in volume of business by retail and wholesale lumber dealers.

	JANUARY 1930 PER CENT CHANGE FROM DECEMBER 1929		NUMBER OF FIRMS INCLUDED
WHOLESALE—			
Sales in Dollars.....	+14.7	— 8.3	17
Sales in Board Feet.....	+18.4	—21.0	13
Accounts Outstanding.....	— 1.1	—12.7	12
	JANUARY 1930	DECEMBER 1929	JANUARY 1929
Ratio of Accounts Outstanding to Dollar Sales	165.6	178.3	171.8
	JANUARY 1930 PER CENT CHANGE FROM DECEMBER 1929		NUMBER OF YARDS INCLUDED
RETAIL—			
Sales in Dollars.....	+16.3	+ 5.5	186
Accounts Outstanding	— 2.1	+12.1	180
	JANUARY 1930	DECEMBER 1929	JANUARY 1929
Ratio of Accounts Outstanding to Dollar Sales.....	336.7	394.6	317.6

Producers of brick and tile experienced a decline in January, coincident with the prolonged state of construction inactivity. This has had a greater influence on the brick industry than on cement manufacturing, since brick is more closely confined to residential and commercial building and less favored for road work and paving. In Chicago

and Detroit during December, the latest period for which figures are available, the level of production was maintained at plants which were operating, while several plants were closed down. Stocks of burned brick increased, and unburned brick in yards declined; a smaller quantity of brick was moved from yards than in November, and orders on books were smaller.

Prices of materials have been steady, lumber prices showing some increase on a few items, cement remaining constant, and brick declining slightly toward the end of January.

Building Construction—January building contracts awarded in the Seventh Federal Reserve district, totaling \$39,905,792, were below any month previous to January 1925 when \$37,364,900 was reported. Of the current total, \$10,068,675 represented residential construction, which amount was under any figure since the \$9,388,615 recorded for February 1922. Declines registered from the preceding month and a year ago in total contracts averaged 47.0 and 48.5 per cent, respectively, and in similar comparisons residential building decreased 10.3 and 54.1 per cent.

Permits issued during January in 103 cities of the district declined 34.6 per cent in number and 36.7 per cent in estimated valuation from the preceding month, and were 17.6 and 40.0 per cent, respectively, below figures reported for January last year. Nine Iowa cities including Des Moines showed an increase of 98.4 per cent over the January 1929 figure in estimated cost of proposed work, representing the only group of cities to differ greatly from the trend of the district in this comparison. Permit valuation for the city of Chicago declined 58.4 per cent from a year ago—the heaviest decline recorded among the larger cities.

MERCHANDISING CONDITIONS

Wholesale Trade—For the fourth successive month, wholesale trade in this district displayed less activity than during the same period a year ago, with grocery sales, as in previous months, about the same in the comparison. January trade in dry goods and shoes at wholesale showed the greatest recession from last year, with practically all

reporting firms sharing in the loss. As compared with the final month of 1929, sales fell off in all lines except groceries. Collections have followed the trend of sales, but remain better than a year ago in the hardware trade. Prices continue to show a weakening tendency in most lines.

WHOLESALE TRADE DURING THE MONTH OF JANUARY 1930

	Net Sales During Month PER CENT CHANGE FROM PRECEDING SAME MONTH LAST YEAR		Stocks at End of Month PER CENT CHANGE FROM PRECEDING SAME MONTH LAST YEAR		Accounts Outstanding End of Month PER CENT CHANGE FROM PRECEDING SAME MONTH LAST YEAR			Collections During Month PER CENT CHANGE FROM PRECEDING SAME MONTH LAST YEAR	
	PRECEDING MONTH	LAST YEAR	PRECEDING MONTH	LAST YEAR	PRECEDING MONTH	LAST YEAR	RATIO TO NET SALES DURING MONTH	PRECEDING MONTH	LAST YEAR
Groceries	(27)+ 5.4	(27)— 0.02	(19)— 1.8	(19)— 7.6	(23)+ 1.0	(23)—10.0	(23) 87.4	(21)— 7.3	(20)— 4.0
Hardware	(15)—23.0	(14)—12.8	(11)+ 7.1	(10)+ 2.8	(15)—10.7	(14)— 2.4	(15) 276.4	(11)—27.3	(10)+ 0.6
Dry Goods	(9)—20.8	(9)—23.0	(7)+19.1	(7)+ 2.6	(9)— 7.8	(9)— 9.1	(9) 420.7	(8)—37.3	(8)—18.3
Drugs	(5)— 3.6	(5)— 2.7	(4)+ 7.5	(4)+ 3.5	(4)— 1.9	(4)+ 8.3	(4) 177.6	(3)— 6.5	(3)— 4.0
Shoes	(8)—39.2	(8)—35.0	(6)+ 5.6	(6)— 2.6	(7)—11.1	(7)+ 2.9	(7) 639.2	(6)—42.8	(6)—26.3
Electrical Supplies	(27)—20.5	(26)—11.8	(20)— 8.0	(20)+ 7.0	(25)—12.0	(24)—10.4	(25) 164.9	(15)— 6.0	(14)—10.3

Figures in parentheses indicate number of firms included.

Department Store Trade—The usual seasonal recession following the Christmas holidays was evidenced in January department store trade, sales of ninety-four reporting stores in the district falling 53.4 per cent below December. Milwaukee trade, as in several previous months, increased over the corresponding month a year ago, gaining 3.3 per cent over last January, while in Chicago, Detroit, and Indianapolis, sales were smaller in this comparison for the fourth consecutive month, declining 9.7, 17.7, and 6.7 per cent, respectively. The slowing down in the automotive industry has affected trade in Detroit to a considerable extent, and also in Indianapolis, while the spinal meningitis epidemic in the latter city was largely responsible for the January decline. A decrease of 5.9 per cent from last year was shown in total sales for fifty-seven stores in other cities, and the district decline averaged 9.4 per cent.

A lower volume of stocks was on hand the end of January than either a month previous or a year ago, declines averaging 5.3 and 1.2 per cent in the respective comparisons. Turnover of .26 times was slightly less than the .30 shown for January last year.

Collections expanded 21.8 per cent over December, while accounts receivable on January 31 totaled 14.1 per cent less than at the end of the year. Increases in both items of 9.7 and 3.4 per cent, respectively, were recorded over a

year ago. Evidence of slightly improved collection conditions in the district over the first month of 1929 is shown in their ratio to accounts outstanding a month previous, which was 42.9 per cent this January and 39.4 per cent last year. Among the larger cities, Indianapolis and Detroit indicated an opposite trend.

Chain Store Trade—A seasonal recession of 42.6 per cent from the preceding month was shown in the aggregate January sales of twenty chains operating 2,801 stores; as compared with January 1929, an increase of 10.3 per cent was recorded. The number of stores in operation gained 0.4 and 14.7 per cent, respectively, in the comparisons. Average sales per store were 43.0 per cent below a month previous and 3.9 per cent under a year ago. All reporting groups except shoes showed sales declines in the comparison with December, while only musical instruments and shoes had smaller sales than last January, men's and women's clothing, drug, cigar, five-and-ten cent, and groceries reporting total sales as heavier than a year previous.

Other Retail Trade—Aggregate sales during January of nineteen dealers and the shoe sections of nineteen department stores showed a seasonal recession from December of 52.8 per cent; as compared with a year ago, a decline of 15.2 per cent was indicated. All but two firms had smaller sales than in December and more than half recorded de-

creases from January 1929. Stocks on hand were 3.4 per cent lower than a month previous but averaged 8.8 per cent heavier than a year ago. Accounts receivable by dealers on January 31 fell 6.4 per cent below December, while collections during the month increased 3.4 per cent; a decrease of 12.0 per cent was recorded for accounts receivable as compared with a year ago, and collections totaled 7.7 per cent less in the same comparison. The ratio of accounts receivable to sales during the month averaged 89.3 per cent for January, 84.8 per cent for December, and 83.6 per cent for January last year.

A decline of 43.3 per cent from December was shown in the total January sales of twenty-two dealers and the furniture and furnishings departments of twenty-four department stores. As compared with a year ago, sales were less for the third consecutive month, declining 11.7 per cent. Installment sales of seventeen dealers recorded the same trend, with decreases of 41.0 per cent and 14.6 per cent in the respective comparisons. Collections by nineteen dealers totaled about the same as a month previous but fell

2.0 per cent below January 1929, while collections on installment accounts increased 3.1 per cent in the month-to-month comparison and showed a recession of 7.4 per cent from a year ago. Accounts receivable on dealers' books were 2.7 per cent lower than at the end of December but gained 1.4 per cent over January 31, 1929. Stocks of dealers and department stores the end of the month averaged 7.7 per cent below a month previous and decreased 2.4 per cent from the average a year ago.

Retail hardware dealers in the five states including the Seventh district made sales in January totaling 47.1 per cent less than in the preceding month and 9.2 per cent below a year ago. All states shared in the monthly decline and all but Iowa, with an increase of 2.5 per cent, in that from last January. Illinois and Michigan firms sold approximately 14 per cent less goods than in the corresponding month of 1929, the decline in Indiana averaged about 12 per cent, and that in Wisconsin was less than 3 per cent. Individually, about two-thirds of the firms had smaller sales in this comparison.

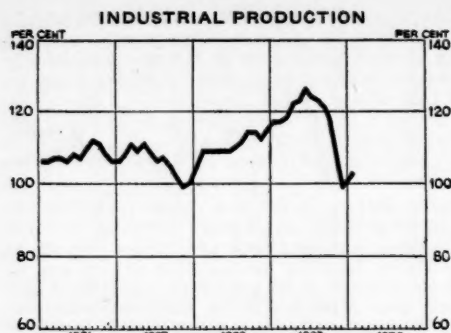
MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

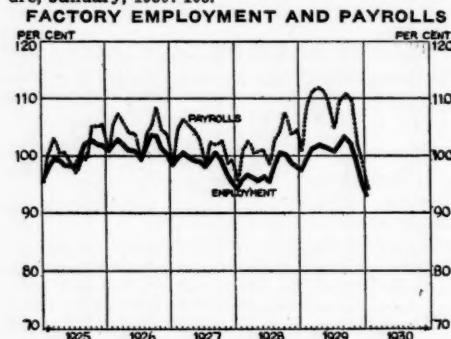
	No. of Firms	Jan. 1930	Dec. 1929	Jan. 1929	Dec. 1928
Meat Packing—(U.S.)—					
Sales (in dollars).....	64	112.1	108.8	114.8	106.6
Casting Foundries—					
Shipments:					
Steel—In dollars	15	80.4	83.6	79.8	65.4
In tons	15	84.3	92.9	88.1	67.3
Malleable—In dollars	23	69.0	60.0	84.0	72.0
In tons	23	97.4	83.2	122.4	102.5
Stoves and Furnaces—					
Shipments (in dollars).....	11	66.6	109.6	78.9	118.9
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars).....	73	159.8	117.6	135.5	94.2
Exports (in dollars).....	51	428.8	427.9	263.4	280.5
Total Sales (in dollars).....	73	203.7	168.2	156.3	124.2
Production	72	177.8	171.3	168.1	163.8
Furniture—					
Orders (in dollars).....	26	97.9	56.7	123.6	76.1
Shipments (in dollars).....	26	59.2	83.4	78.7	90.8
Electric Energy—					
Output of Plants (KWH).....	8	153.5	150.9	173.2	162.7
Industrial Sales (KWH).....	8	172.4	164.7	180.4	169.2
Flour—					
Production (in bbls.).....	27	109.3	91.9	109.6	98.0
Output of Butter by Creameries—					
Production	72	82.7	82.2	88.1	79.4
Sales	72	88.0	84.0	85.9	81.5
Iron and Steel—					
Pig Iron Production: ¹					
Illinois and Indiana.....		108.5	113.3	125.4	122.3
United States		92.9	93.2	113.1	110.7
Steel Ingot Production—(U. S.) ¹		105.2	86.9	124.6	120.6
Unfilled orders U. S. Steel Corp.....		93.6	92.5	86.1	83.3
Automobile Production (U. S.):					
Passenger Cars		79.6	31.0	117.9	69.5
Trucks		111.8	77.2	146.0	79.6
Stamp Tax Collections—²					
Sales or Transfers of Capital Stock.....		432.6	406.1	570.1	399.0
Sales of Produce on Exchange—Futures.....		95.0	105.1	39.1	53.6
U. S. Primary Markets—³					
Grain Receipts:					
Oats		32.6	34.5	47.4	54.5
Corn		144.4	145.5	178.3	201.6
Wheat		49.9	66.2	64.5	93.9
Grain Shipments:					
Oats		33.9	27.7	38.9	40.5
Corn		74.4	73.3	94.0	88.5
Wheat		40.8	46.6	47.7	59.6

	No. of Firms	Jan. 1930	Dec. 1929	Jan. 1929	Dec. 1928
Wholesale Trade—					
Net Sales (in dollars):					
Groceries	31	93.6	90.9	94.4	88.9
Hardware	14	57.5	76.2	66.0	78.5
Dry Goods	10	52.0	65.5	66.7	72.1
Drugs	14	97.4	100.4	111.3	121.9
Shoes	8	34.6	57.0	53.3	62.1
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago	30	86.3	191.6	95.6	201.5
Detroit	4	109.2	240.2	132.3	266.4
Indianapolis	5	83.4	171.9	89.4	173.9
Milwaukee	5	95.6	183.3	92.5	181.0
Other Cities	51	72.7	158.9	75.6	169.4
Seventh District	95	88.7	192.0	97.7	203.0
Retail Trade—(U. S.)—					
Department Stores	523		185	91	187
Chain Stores:					
Grocery	34		257	222	221
Drug	13		260	177	225
Five and Ten Cent.....	14		308	112	305
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		89.3	92.3	104.2	107.6
Live Stock		85.5	80.4	90.8	90.0
Coal		119.4	117.1	122.7	108.2
Coke		96.7	100.2	105.2	94.4
Forest Products		66.5	66.5	80.2	78.5
Ore		21.8	22.6	23.4	27.6
Merchandise and Miscellaneous.....		90.9	91.9	96.5	98.7
Total		91.2	92.4	97.3	96.1
Building Construction—					
Contracts awarded (in dollars):					
Residential		34.3	38.2	74.7	110.6
Total		58.3	110.0	113.1	112.3
Permits:					
Chicago	Number	8.9	11.2	28.1	38.4
Cost.....		20.0	18.6	48.1	82.4
Indianapolis	Number	29.9	16.9	34.7	33.1
Cost.....		23.4	26.0	27.0	58.4
Des Moines	Number	11.9	20.1	11.3	24.2
Cost.....		12.0	12.5	10.2	32.9
Detroit	Number	19.8	19.9	25.5	41.1
Cost.....		30.6	18.4	46.4	70.8
Milwaukee	Number	39.9	75.5	46.7	60.7
Cost.....		40.3	226.2	55.2	178.4
Others (45)	Number	21.4	30.2	25.6	44.4
Cost.....		34.3	47.2	38.7	64.7
Fifty Cities	Number	24.3	34.1	30.7	45.1
Cost.....		26.8	37.3	44.8	80.0

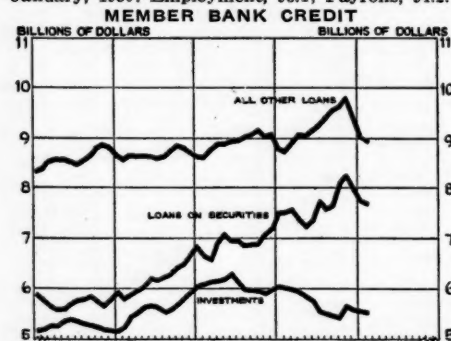
¹Average daily production; ²First Illinois internal revenue district; ³Monthly average receipts 1923-24-25 = 100.



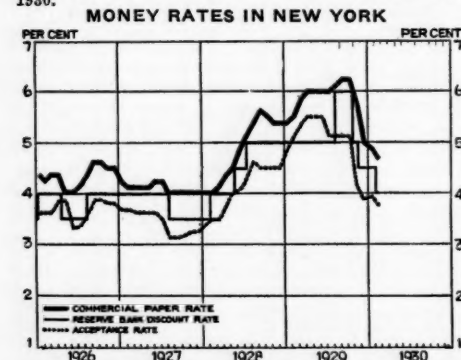
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average=100). Latest figure, January, 1930: 103.



Index numbers of factory employment and payrolls, without adjustment for seasonal variations. (1923-1925 average=100). Latest figures, January, 1930: Employment, 93.1; Payrolls, 94.2.



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures, averages of first two weeks in February, 1930.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper, and acceptance rate on 90-day bankers' acceptances. Latest figures, averages of first 20 days in February, 1930: Commercial Paper Rate, 4.70; Acceptance Rate, 3.78; N. Y. Reserve Bank Discount Rate, 4 per cent.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL production increased in January from the extreme low level of December. Factory employment, which was in relatively small volume in the middle of December, was further reduced by the middle of January, but preliminary reports indicate a slight increase in the three weeks following. There was a further liquidation of bank credit and a decline in money rates. Commodity prices continued to move downward.

PRODUCTION

Industrial production showed an increase of about 4 per cent in January, according to the Board's index, which makes allowance for the usual seasonal variations. This increase reflected principally a larger output of automobiles, steel, cotton textiles, and shoes. Output of copper, cement, lumber, anthracite coal, and flour declined, and the increase in bituminous coal output was smaller than is usual for the season. In the first two weeks of February steel plants increased their rate of operation further, but continued to be less active than in the corresponding period of last year.

Building contracts awarded showed little change in January, a substantial increase in public works and utilities being in large part offset by a decrease in residential construction. In the first half of February the daily average of contracts was lower than in January.

EMPLOYMENT AND PAYROLLS

The number of wage earners employed at factories declined further between the middle of December and the middle of January, and wage payments showed a larger reduction. In automobile and steel plants there was an increase in employment in the month ending January 15, and in recent weeks further increases have been reported for these industries. There were decreases in January in the number of wage earners employed in the machinery, car-building and repairing, lumber, and cement industries.

During the three-week period ending February 3, the Bureau of Labor Statistics, on the basis of preliminary returns, reported a slight increase in factory employment.

DISTRIBUTION

Shipments of freight were in about the same volume in January as in December. Average daily loadings of miscellaneous freight and merchandise in less-than-carload lots decreased slightly during the month, but by a smaller amount than is usual at this season. During the first two weeks in February, there was some increase in shipments, largely seasonal in nature.

Department store sales in January, according to preliminary figures received by the Federal Reserve System, were about 2 per cent lower than in the corresponding month of last year, this difference being about the same as was shown the month before.

WHOLESALE PRICES

Wholesale prices of commodities in January continued to move downward. In general, fluctuations were small until the latter part of the month, when decreases occurred in the prices of grains, cotton, wool, iron and steel, and petroleum. The prices of meats and live stock fluctuated over a wide range and averaged higher in January than in December.

In the first half of February, the prices of hogs, pork, and cattle increased, while the prices of wheat, cotton, pig iron, petroleum, and textiles continued to decline.

BANK CREDIT

Liquidation of member bank credit in January and the early part of February was in substantially larger volume than in the corresponding period of 1929. Declines were reported in loans on securities and in all other loans, which continued to decrease in February contrary to the usual seasonal trend. There was little change in the banks' holdings of investments.

The volume of reserve bank credit outstanding declined by about \$140,000,000 between the middle of January and the middle of February. This decline was due in part to the reduction in member bank reserve balances which accompanied the decline in the banks' loans and investments; in part to the continued return flow of currency from circulation; and in part to gold imports, largely from Brazil and Japan.

Money rates in the open market eased further. Rates on commercial paper declined to a range of $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent, and rates on 60-90-day bankers' acceptances declined from 4 to 3% and later to $3\frac{3}{4}$ per cent.

Discount rates at the Federal Reserve Banks of New York, Chicago, Boston, and Kansas City were reduced from $4\frac{1}{2}$ to 4 per cent, and rates at Philadelphia, Cleveland, Richmond, St. Louis, Minneapolis, and Dallas from 5 to $4\frac{1}{2}$ per cent.

